



DEPARTMENT OF DEFENSE
WASHINGTON HEADQUARTERS SERVICES
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Systems & Services

MEMORANDUM FOR OSD & WHS INFORMATION TECHNOLOGY MANAGERS

SUBJECT: Systems & Services Bulletin Number 03-02; Purchasing Commercial Software and Software Services

This memorandum disseminates new guidance pertaining to the acquisition of commercial software and related services, such as software maintenance. On October 25, 2002, the Defense Acquisition Regulation (DAR) Council added new procedures to the DoD FAR Supplement (DFARS) to require DoD personnel and contracting officers to make best value determinations using established Enterprise Software Initiative (ESI) Enterprise Software Agreements (ESA). Authorized ESI users include all Defense components and Defense contractors when authorized by their contracting officer.

Attached is the new DoD FAR Supplement. Please review Section 208.7403 Acquisition procedures. All future software purchases and related services must comply with these new procedures. A list of ESAs available for use may be found at www.don-imit.navy.mil/esi.

If you have any questions, my point of contact is Mr. Gerry Anderson, Director, Procurement Management Division. He can be reached on (703) 604-1507.

Sally Reams
Director

Attachment:
As stated



DoD FAR Supplement (DFARS)

SUBPART 208.74--ENTERPRISE SOFTWARE AGREEMENTS

(Added October 25, 2002)

208.7400 Scope of subpart.

This subpart prescribes policy and procedures for acquisition of commercial software and software maintenance, including software and software maintenance that is acquired--

- (a) As part of a system or system upgrade, where practicable;
- (b) Under a service contract;
- (c) Under a contract or agreement administered by another agency (e.g., under an interagency agreement);
- (d) Under a Federal Supply Schedule contract or blanket purchase agreement established in accordance with FAR 8.404(b)(4); or
- (e) By a contractor that is authorized to order from a Government supply source pursuant to FAR 51.101.

208.7401 Definitions.

As used in this subpart--

"Enterprise software agreement" means an agreement or a contract that is used to acquire designated commercial software or related services such as software maintenance.

"Enterprise Software Initiative" means an initiative led by the DoD Chief Information Officer to develop processes for DoD-wide software asset management.

"Golden Disk" means a purchased license or entitlement to distribute an unlimited or bulk number of copies of software throughout DoD.

"Software maintenance" means services normally provided by a software company as standard services at established catalog or market prices, e.g., the right to receive and use upgraded versions of software, updates, and revisions.

"Software product manager" means the Government official who manages an enterprise software agreement.

208.7402 General.

Departments and agencies shall fulfill requirements for commercial software and related services, such as software maintenance, in accordance with the DoD Enterprise Software

Initiative (ESI) (see website at <http://www.don-imit.navy.mil/esi>). ESI promotes the use of enterprise software agreements (ESAs) with contractors that allow DoD to obtain favorable terms and pricing for commercial software and related services. ESI does not dictate the products or services to be acquired.

208.7403 Acquisition procedures.

(a) After requirements are determined, the requiring official shall review the information at the ESI website to determine if the required commercial software or related services are available from DoD inventory (e.g., Golden Disks and DoD-wide software maintenance agreements). If the software or services are available, the requiring official shall fulfill the requirement from the DoD inventory.

(b) If the required commercial software or related services are not in the DoD inventory, and not on an ESA, the contracting officer or requiring official may fulfill the requirement by other means. Existing ESAs are listed on the ESI website.

(c) If the commercial software or related services are on an ESA, the contracting officer or requiring official shall review the terms and conditions and prices in accordance with otherwise applicable source selection requirements.

(d) If an ESA's terms and conditions and prices represent the best value to the Government, the contracting officer or requiring official shall fulfill the requirement for software or services through the ESA.

(e) If existing ESAs do not represent the best value to the Government, the software product manager (SPM) shall be given an opportunity to provide the same or a better value to the Government under the ESAs before the contracting officer or requiring official may continue with alternate acquisition methods.

(1) The contracting officer or requiring official shall notify the SPM of specific concerns about existing ESA terms and conditions or prices through the ESI web page.

(2) The SPM shall consider adjusting, within the scope of the ESA, terms and conditions or prices to provide the best value to the customer.

(i) Within 3 working days, the SPM shall--

(A) Update the ESA;

(B) Provide an estimated date by which the update will be accomplished; or

(C) Inform the contracting officer or requiring official that no change will be made to the ESA.

(ii) If the SPM informs the contracting officer or requiring official that no change will be made to the ESA terms and conditions or prices, the contracting officer or requiring official may fulfill the requirement by other means.

(iii) If the SPM does not respond within 3 working days or does not plan to adjust the ESA within 90 days, the contracting officer or requiring official may fulfill the requirement by other means.

(3) A management official designated by the department or agency may waive the requirement to obtain commercial software or related services through an ESA after the steps in paragraphs (e)(1) and (e)(2)(i) of this section are complete. The rationale for use of an alternate source shall be included in the waiver request and shall be provided to the SPM.